

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Essex Regional Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: November 16, 2016

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 and January 1 of each fiscal year. The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 8.0% to 7.75%.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

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ESSEX REGIONAL RETIREMENT SYSTEM

FUNDING SCHEDULE with 3(8)(C) - 18 years: Five years of 7.41% increases, 4% thereafter

Generational Mortality, Scale BB; 7.75% Discount Rate, \$14,000 COLA Base

Fiscal Year	Normal Cost	Unfunded Liability*	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution**	Adjusted Payments	% Change
2018	6,446,958	378,731,600	24,534,864	1,081,739	32,063,561	32,661,826	7.41%
2019	6,704,836	381,646,983	26,652,895	1,081,739	34,439,471	35,082,067	7.41%
2020	6,973,030	381,381,102	28,936,667	1,081,739	36,991,435	37,681,648	7.41%
2021	7,251,951	379,758,879	31,398,811	1,081,739	39,732,501	40,473,858	7.41%
2022	7,542,029	384,883,337	34,052,911	1,081,739	42,676,679	43,472,971	7.41%
2023	7,843,710	378,019,783	35,458,297	1,081,739	44,383,746	45,211,890	4.00%
2024	8,157,459	369,110,001	36,919,899	1,081,739	46,159,096	47,020,366	4.00%
2025	8,483,757	357,934,836	38,439,964	1,081,739	48,005,460	48,901,180	4.00%
2026	8,823,107	344,255,724	40,020,832	1,081,739	49,925,678	50,857,227	4.00%
2027	9,176,031	327,813,096	41,664,935	1,081,739	51,922,705	52,891,517	4.00%
2028	9,543,073	308,324,643	43,374,802	1,081,739	53,999,614	55,007,177	4.00%
2029	9,924,796	285,483,454	45,153,064	1,081,739	56,159,598	57,207,464	4.00%
2030	10,321,787	258,955,995	47,002,456	1,081,739	58,405,982	59,495,763	4.00%
2031	10,734,659	228,379,939	48,925,824	1,081,739	60,742,221	61,875,593	4.00%
2032	11,164,045	193,361,809	50,926,126	1,081,739	63,171,910	64,350,617	4.00%
2033	11,610,607	153,474,449	53,006,441	1,081,739	65,698,787	66,924,642	4.00%
2034	12,075,031	108,254,279	55,169,968	1,081,739	68,326,738	69,601,628	4.00%
2035	12,558,033	57,198,345	57,198,345	1,081,739	70,838,117	72,159,865	3.68%
2036	13,060,354	-	-	1,081,739	14,142,093	14,405,966	-80.04%

Amortization of Unfunded Liability as of July 1, 2017

Year	Type	Original Amort. Amount	Percentage Increasing	Original # of Years	Current Amort. Amount	Years Remaining
2003	2002 ERI	4,357	4.50%	26	8,342	11
2003	2002 ERI	336,771	0.00%	17	336,396	2
2004	2003 ERI	4,229	4.50%	25	7,747	11
2004	2003 ERI	193,085	0.00%	17	192,661	3
2018	Fresh Start	N/A	N/A	18	N/A	18

*Includes recognition of the following asset gains/(losses) in Fiscal 2020 and 2022:

2020	\$1,125,028
2022	(\$9,525,364)

**Contribution is set to be the amount resulting from a 7.41% increase on the prior year's contribution, followed by four years of 7.41% increases, and 4% increases thereafter. The contribution in FY2035 increases by 3.68%.